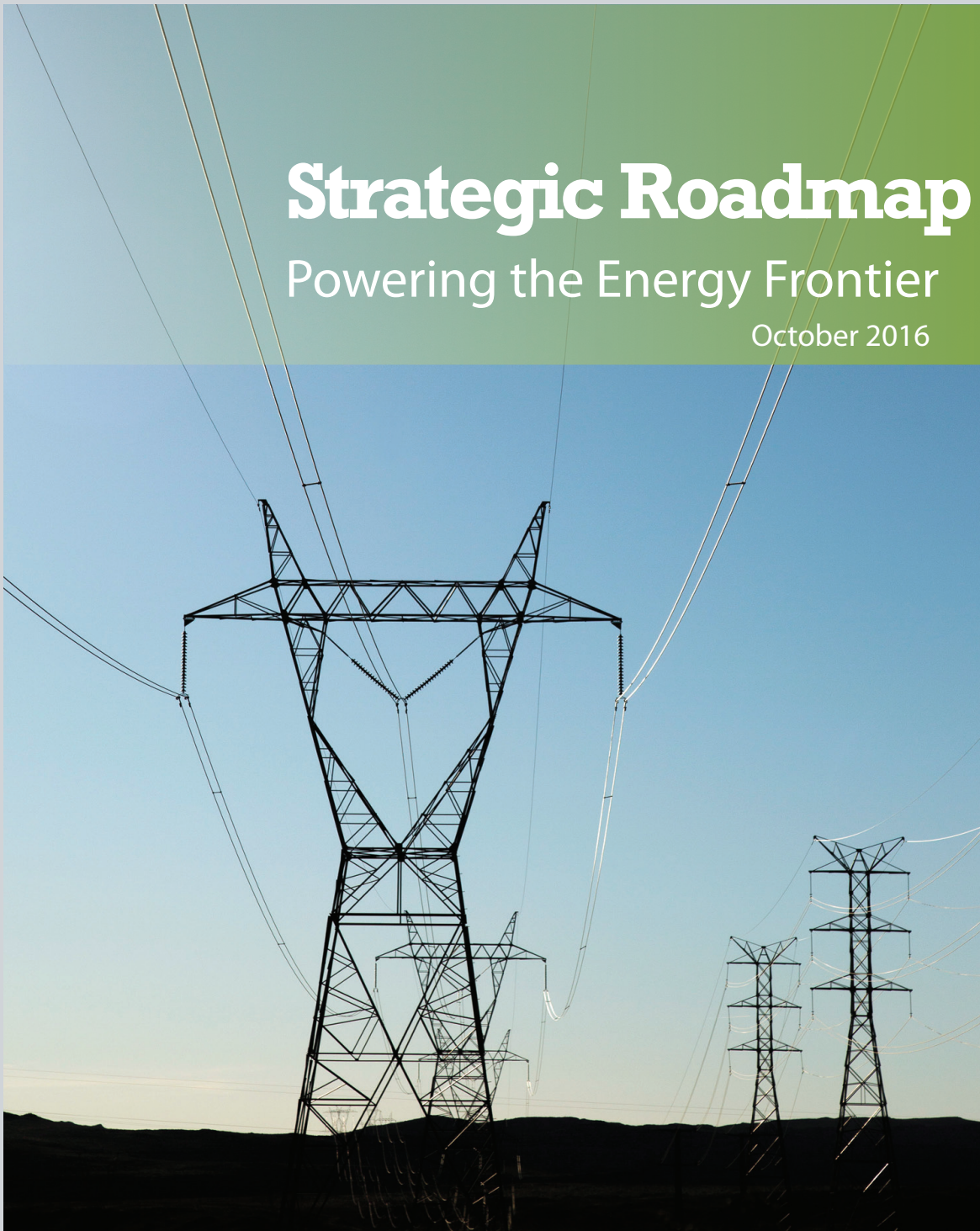


Strategic Roadmap 2024

Powering the Energy Frontier

October 2016



**Western Area
Power Administration**



Our mission

Market and deliver clean, renewable,
reliable, cost-based federal hydroelectric power
and related services

Administrator's Message

When we developed our Strategic Roadmap 2024 two and a half years ago, we committed to review and refresh the plan periodically to ensure WAPA remains focused on meeting customers' needs, is responsive to industry change and is aligned with Department of Energy goals. A number of the industry changes we foresaw at the time have come to pass, such as the increasing development of markets in the West. Our industry is poised for even more dramatic change in the near future.

In this climate of rapid change, it is essential that we maintain and sharpen our focus. We have done just that in this refreshed Strategic Roadmap 2024. When we took a hard look at the Roadmap, we found much of the plan remains sound. We revalidated the mission, vision and pathways of the Roadmap. The collaborative work we did with our customers, our employees and DOE has held up and served us well and remains unchanged.

What did evolve is our understanding of opportunities to narrow our focus to ensure we are working in the most important and most strategic areas. Through the refresh process, we reduced the number of strategic targets from seven to five and the number of initiatives from 33 to 19. We identified three cross-cutting strategic enablers that resonate with and contribute to all the strategic targets.

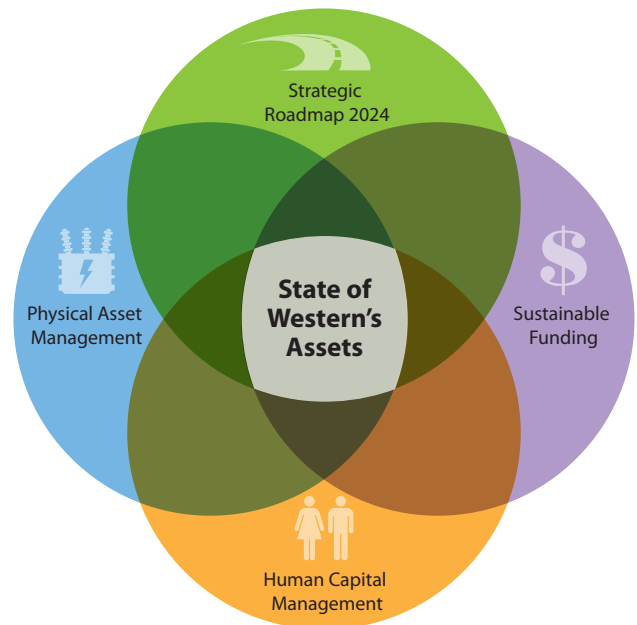
Each person and each program plays a critical role in our changing industry and in our future. For almost 40 years, Western employees have been dedicated to public service and meeting the needs of our customers and the nation. As we continue this journey, Western and customers will use this Roadmap to chart the course toward achieving our mission in a dynamic and complex energy frontier and pave the way for a secure, affordable and reliable energy future.

Sincerely,



Mark A. Gabriel
Administrator and CEO

Figure 1: Initiatives in
State of the Assets report



Mission

Market and deliver clean, renewable, reliable, cost-based federal hydroelectric power and related services

Vision

Continue to provide premier power marketing and transmission services to our customers, as well as contribute to enhancing America's security and sustaining our nation's economic vitality

A 230-kilovolt transmission line leaves WAPA's Mead substation in Boulder City, Nev., and heads west.

Introduction

Western Area Power Administration, a power marketing administration within the Department of Energy, markets and transmits more than 30 billion kilowatt-hours of wholesale federal hydropower through an integrated 17,000-plus circuit mile transmission system across 15 central and western states. We sell this power to more than 680 preference power customers including cooperatives, federal and state agencies, municipalities, Native American tribes, public utility and irrigation districts and other energy service providers. In addition, WAPA provides for the purchase and exchange of electric resources, operations and maintenance services, transmission system interconnections, shared capacity and use of transmission facilities, and joint construction opportunities.

WAPA reviews and refreshes its strategic plan every few years to ensure the agency remains focused on meeting customers' needs, aligned with DOE goals and responsive to industry change. A strategic plan is both a living document, flexible to adapt to continuously evolving conditions, and a source of continuity that provides a long-term vision of our role with customers, in industry and within the federal government. This version was refreshed in October 2016.

This strategic plan comprises the Strategic Roadmap 2024 and an appendix called the Tactical Action Plan. As an appendix, the TAP will be reviewed and updated regularly to ensure WAPA stays the course toward its goals.

Strategic Roadmap 2024 applies our historic mission to the dynamic and evolving industry environment that includes myriad new regulations, the growing presence of interruptible and intermittent generation resources and constraints on our hydro resources. It also ties together WAPA's strategy, initiatives, capital budgets and annual targets to move the agency in one direction, continue to meet customer needs and provide the best value as an organization.

Following Strategic Roadmap 2024, and in concert with customers, the industry and DOE, WAPA will maneuver through the changing industry environment and continue to meet our commitments to customers to deliver on our mission, manage resources effectively and operate safely, securely and reliably through 2024 and beyond.

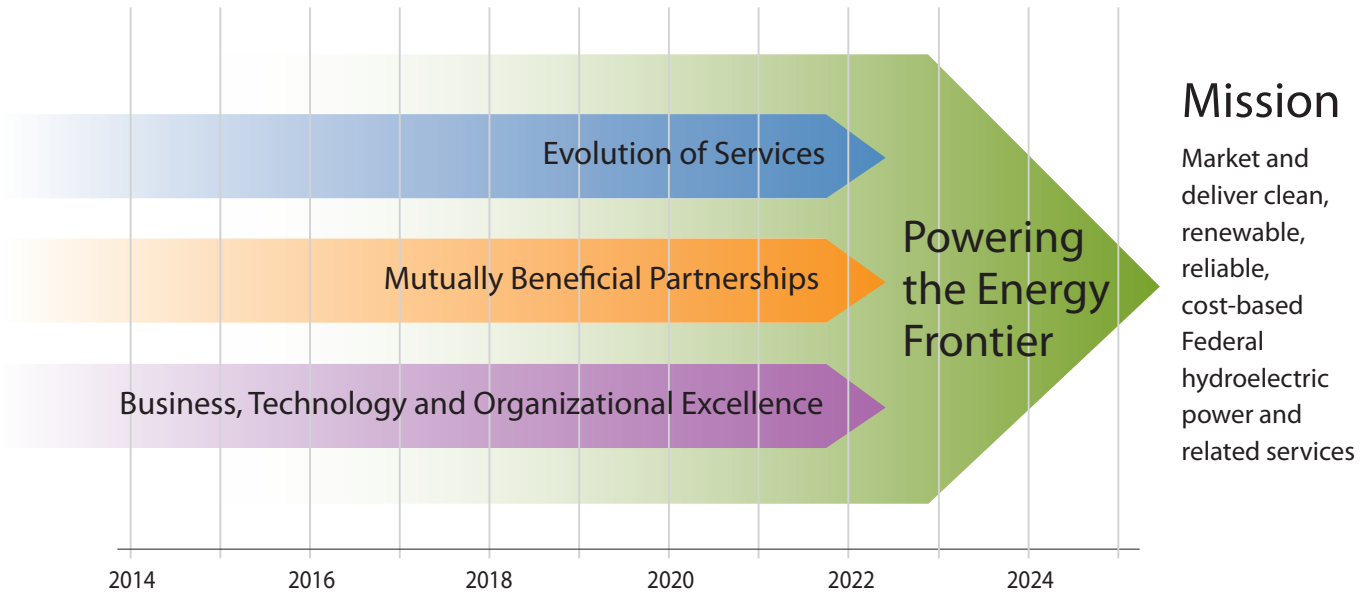
Figure 2: Our commitments



Strategic Roadmap 2024

The Roadmap consists of four overarching goals, called Critical Pathways, all aimed toward WAPA's mission.

Figure 3: Strategic Roadmap 2024



The Critical Pathways are:

- ➔ **Business, Technology and Organizational Excellence:** Expanding on organizational excellence by applying knowledge, technology, innovation and engaging internal and external partners to optimize operational effectiveness.
- ➔ **Mutually Beneficial Partnerships:** Building and sustaining productive relationships that enhance trust, operational effectiveness and business opportunities for all parties.
- ➔ **Evolution of Services:** Evolving WAPA's power and transmission services in response to the needs of a diverse customer base and the demands of a changing industry and technology environment through operational excellence and the application of cost containment and proper cost allocation principles.
- ➔ **Powering the Energy Frontier:** Provide premier power and transmission services to our customers by applying business, technology and organizational excellence; building mutually beneficial partnerships; and enhancing the nation's economic security and stability.

The Pathways serve as foundational building blocks to best accomplish WAPA's mission. Rather than beginning and concluding at specific points, they are enduring pursuits along a continuum toward excellence. Using the Pathways, WAPA employees will continue to effectively navigate and accommodate the changes and technological advances of a dynamic industry landscape and provide reliable and secure power and quality service to customers.

Tactical Action Plan

The Tactical Action Plan, an appendix to the Roadmap located at WAPA's website, inventories those tasks and activities, existing and new, needed to make progress towards Strategic Roadmap 2024 over the next 3-5 years. It connects the mission and Roadmap to day-to-day activities and helps WAPA staff focus time and resources on those things that bring the most value to the agency and our customers. The TAP is not an exhaustive list of WAPA's activities and will be updated regularly to ensure the activities represent changing customer and industry needs.

The Tactical Action Plan includes a brief overview of each activity, time frame for execution and who is responsible for leading execution.



Strategic Target Areas

The TAP is organized into five Strategic Target Areas, which serve as WAPA's priorities and areas of focus for the next three to five years. Target Areas are also used to create the annual performance targets, which measure progress and implementation of the Tactical Action Plan.

Mission-Critical Customer Services in Evolving Industry

Ensure and enhance the value of WAPA's cost-based power, transmission and related services in an evolving utility business environment.

WAPA's core mission is to market and provide firm electric power, transmission and related services to customers. In an evolving and transforming electric utility industry, WAPA will continue to evaluate, enhance and improve the services it provides to preference power and transmission customers. As electric markets continue to expand and affect customers, WAPA will adapt, tailor and align services to customer needs in this new environment.

Asset Management 2.0

Optimize WAPA's Asset Management program to provide data-driven insight into budgeting, capital programs, prioritization and financial decisions resulting in a more resilient and reliable system.

Building on the Asset Management platform already in place, it is now time to create value and enhance data-driven decisions by combining staff's extensive field knowledge with insights gained from significant and actionable data. As a foundational, systemic tool, Asset Management will direct and provide insight into budget development, capital plans, financial forecasting and strategic sourcing. Further integration of sustainable funding and enterprise risk management within Asset Management 2.0 will support resiliency, reliability, safety and security across the organization.

Technology Performance

Leverage industry and operational technology advances to enhance service to customers, as well as organizational and asset performance.

WAPA is committed to innovation and remaining in-step with industry advancements to benefit customers, as well as business and organizational performance. With the convergence of information technology, operational technology and industry innovation, WAPA must integrate technology.

Security – Physical and Cyber

Strengthening WAPA's capabilities in physical and cybersecurity secures our assets and mitigates threats to WAPA's customers, operations and performance in the increasingly connected and evolving utility industry.

Due to the critical nature of the electric grid to our nation and increasing technology connectivity, the electric industry faces growing physical and cybersecurity threats as well as numerous associated regulatory requirements. WAPA must manage and mitigate physical and cyber risks to assets across our expansive geographic operations to remain compliant and ensure safe, secure and reliable operations. WAPA will continuously improve its organization-wide emergency management and response program using the National Incident Management System framework.

People and Organization

WAPA's people are its most important resource. The organization is dedicated to the evolution of its people and operations to retain, develop and attract the diverse, high-performing workforce that is the cornerstone of delivering safe, secure, reliable and cost-effective energy and transmission services.

WAPA's people and organization must continuously evolve to improve mission execution, industry alignment and workforce sustainability. Evolving its people-oriented approach will accelerate the attraction, development, recognition and retention of a flexible, innovative, diverse, inclusive and high-performing workforce. In addition, WAPA's organizational evolution will expand its support functions' capabilities (e.g. Procurement, IT, Strategy and Human Resources) and continuous improvement efforts to cost-effectively improve mission execution and value to customers.



Strategic Enablers

Strategic Enablers are new to the Roadmap and designed to capture those foundational areas and activities that are embedded across all Strategic Target Areas. In the original Roadmap, these were STAs, but are now considered well underway and vital to maintain even as the specific focus of the STAs changes over time. Strategic Enablers include:

Partnership and Innovation

WAPA views partnership and innovation as core to how it conducts business and necessary in all external and internal Customer working relationships. The organization is committed to constructive collaboration and innovation to ensure WAPA remains in-step with industry advances. Our support functions (e.g. Procurement, IT, Strategy and Human Resources) will be key to optimizing internal partnerships and facilitating innovation.

Safety

Every employee demonstrates, through core values and personal responsibility, a commitment to safely perform their jobs and ensure workplace security. The safety and security of employees and the public is WAPA's top priority. Ensuring employees return home safely to their families every night requires constant improvements to the organization's safety and security-related processes and procedures. WAPA will work to instill a zero-incident safety culture and establish an organization-wide emergency management and response program using the National Incident Management System framework.

Communication

Effective communication is essential to the Roadmap's continued success and achieving the STA and tactical program goals. WAPA will build on its successful internal and external stakeholder engagement focus while improving communications and transparency throughout the organization and with customers.

Terms and definitions

Mission: Defines why WAPA exists and its purpose.

Vision: Identifies WAPA's desired future state.

State of WAPA's Assets: Overview of the condition of the agency and its Regions. The annual document provides updates on four interconnected and complementary areas of work that serve as the pillars of WAPA's business. They are Strategic Roadmap 2024, Asset Management, Sustainable Funding and Human Capital Management.

Strategic Roadmap 2024: A 10-year strategic direction built upon WAPA's mission and vision that defines what WAPA will look like and what role it will play in the energy industry, with our customers and within the federal government from now until 2024. The Roadmap consists of four Critical Pathways and their definitions to describe how WAPA will achieve its mission.

Critical Pathways: WAPA's goals for the next 10 years.

Tactical Action Plan: Appendix to Strategic Roadmap 2024. The TAP is an inventory of major programs and projects, new and existing, needed to fully achieve the Roadmap. It connects the mission and Strategic Roadmap to day-to-day activities and will be updated regularly to ensure the activities represent changing industry and customer needs.

Strategic Target Areas: WAPA's priorities and areas of focus in the Tactical Action Plan. Target areas support the Critical Pathways and provide the basis for decisions about the nature, scope and relative priorities of all tactical projects and activities.

Our vision

Continue to provide premier power marketing
and transmission services to our customers,
as well as contribute to enhancing America's energy
security and sustaining our nation's economic vitality



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